



This form is to be used in conjunction with a rule review when ancillary documents are also being reviewed as part of the review process.

Ancillary documents are interpretive or policy statements that advise the public of the Department's opinions, approaches, or likely course of action. They include documents such as Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs), and Revenue Policy Memorandums (RPMs). Ancillary documents do not have the "force of law" that a rule is given under the Administrative Procedures Act (Chapter 34.05 RCW). Court decisions, Board of Tax Appeals decisions (BTA), and Washington Tax Decisions (WTDs) **are not** ancillary documents.

Reviewer: Ed Ratcliffe Date Reviewed: 9/18/2000

Ancillary Document being reviewed (provide number and title): **Audit Directive 8146.5 – Interest from Sales of Real Estate**

Date last Issued: **June 30, 1987**

This document is being reviewed in conjunction with (provide WAC number and title): **WAC 458-20-146 (National and state banks, mutual savings banks, savings and loan associations and other financial institutions)**

Purpose of the document: **The audit directive explains that the deduction for interest earned on loans secured by a first mortgage or trust deed on nontransient residential property may not be claimed for interest derived from real estate sales contracts.**

Is the document clearly written?

Yes	No
X	

Does the document provide accurate and useful information?

Yes	No
X	

Does the document provide information not currently in the rule?

Yes	No
X	



Review recommendation:

- A. Update
- B. Repeal
- C. Leave as is
- D. Incorporate into rule and repeal

X

Briefly explain your recommendation:

This audit directive is accurate, but not needed. This issue is sufficiently addressed in subsequent published determinations of the Department. See, Det. 93-023, 12 WTD 575 (1993)(The selling of real estate on contract is neither an investment of funds, nor a financial business activity. Interest collected on contracts are subject to B&O tax).

Manager Action:

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Accepted recommendation

Date: _____

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Returned for further review

Date: _____

Comments _____